

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of South land
Utility, Inc. for adjustment
of rates & charges for the
provision of water service

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 244 - W

(Please type or print)

Submitted by: Benjamin P. Mustian

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input checked="" type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input checked="" type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

Print Form

Reset Form

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

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*ALSO ADMITTED IN TX

November 15, 2007

AREA CODE 803
TELEPHONE 252-3300
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TRACEY C. GREEN
SPECIAL COUNSEL

RECEIVED
2007 NOV 15 PM 4:46
SC PUBLIC SERVICE
COMMISSION

VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of Southland Utilities, Inc. for adjustment of rates and charges for the provision of water service

Dear Mr. Terreni:

Enclosed for filing are the original and ten (10) copies of the Joint Proposed Order Approving Settlement Agreement and Rates and Charges Contained Therein of Southland Utilities, Inc. and the Office of Regulatory Staff in the above-referenced matter. Also enclosed you will find the Proposed Schedule of Rates and Charges. By copy of this letter, I am serving a copy of these documents upon the Office of Regulatory Staff and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of this Order and Certificate by date-stamping the extra copies that are enclosed and returning them to me via our courier.

If you have any questions or if you need any additional information, please do not hesitate to contact us.

Sincerely,

WILLOUGHBY & HOEFER, P.A.



Benjamin P. Mustian

BPM/cf
Enclosures

The Honorable Charles L.A. Terreni

November 15, 2007

Page 2

cc: Jeffrey M. Nelson, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-244-W - ORDER NO. 2007-____
NOVEMBER __, 2007

RECEIVED
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SC PUBLIC SERVICE
COMMISSION

IN RE:)	
)	
Application of Southland Utilities, Inc.)	ORDER APPROVING SETTLEMENT
for adjustment of rates and charges)	AGREEMENT AND RATES AND
for the provision of water service.)	CHARGES CONTAINED THEREIN
_____)	

This matter comes before the Public Service Commission of South Carolina (hereinafter the "Commission") on the proposed Settlement Agreement ("Agreement") filed by the Office of Regulatory Staff ("ORS") and Southland Utilities, Inc. ("Southland" or "the Company") (together "Parties").

This matter was initiated on June 25, 2007 when Southland filed with this Commission an Application for the adjustment of rates and charges and for modifications to certain terms and conditions for the provision of water service. See S.C. Code Ann. §58-5-240 (Supp. 2006). By its application, the Company sought an increase in annual water revenues of \$96,311.

By letter dated July 3, 2007, the Commission's Docketing Department instructed Southland to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by Southland's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for

inclusion as a party of record. In the same letter, the Commission also instructed Southland to notify directly, by U. S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing. Southland furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation in the area affected by Southland's application. The Company also provided the Commission with a letter in which Southland certified that it had complied with the instruction of the Commission's Docketing Department to mail a copy of the Notice of Filing to all customers affected by the Application.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. Section 58-4-10(B) (Supp. 2006), ORS is a party of record in this proceeding. Further, ORS and Southland are the only parties of record in the above-captioned docket.

As a result of settlement negotiations between them, the parties have determined that their interests are best served by settling the dispute in this matter under the terms and conditions set forth below. ORS stated in the Agreement that the settlement serves the public interest, preserves the financial integrity of the Company, and promotes economic development within the State of South Carolina. By signing the Settlement Agreement, all counsel acknowledged their respective clients' consent to its terms. The Settlement Agreement provided that the parties viewed the terms of the Agreement to be just and reasonable.

A public hearing was held before the Commission on October 18, 2007, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina.

Three public witnesses appeared to testify at this hearing. Southland was represented by John M.S. Hoefer, Esquire, and Benjamin P. Mustian, Esquire. ORS was represented by Nanette S. Edwards, Esquire, and Shealy B. Reibold, Esquire. At this hearing, the parties offered into the record the Settlement Agreement dated October 11, 2007. The parties further introduced into the record and stipulated to the prefiled testimony and exhibits of Southland witnesses Bruce T. Haas and Lena Georgiev. The parties also stipulated to include in the record the settlement testimony of ORS Witnesses Paul B. Townes, M. Elizabeth Ford and Douglas Carlisle, Ph.D. Mr. Townes, Ms. Ford and Dr. Carlisle additionally answered questions from the Commission regarding the terms and conditions of the Settlement Agreement. Additionally, the Commission asked to hear from Kirsten E. Weeks, a Manager in the Regulatory Accounting Department for Utilities, Inc. who provided additional information regarding the Company's operations and the Settlement Agreement.

Witness Carlisle testified that the Settlement Agreement, which disposed of all issues in this case, was in the public interest and that the Return on Equity agreed to by the parties was a reasonable Return on Equity for the Company in the context of a comprehensive settlement of this specific case. Dr. Carlisle also filed an affidavit in the matter stating that the agreed upon return on equity was within the range of those recently approved by the Commission for other Utilities, Inc. subsidiaries.

The parties asserted before the Commission that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable to both the Company and its customers. Specifically, Southland agreed to reduce its original requested increase in water revenues of \$96,311 to an annual increase in water revenues of \$58,781.

This increase is based upon the ORS accounting adjustments and the return on equity of 9.34% as revised. The 9.34% return on equity yields a 7.68% rate of return on rate base with a resulting operating margin of 11.19%.

We find that the rates agreed to by the parties, which are specified in the Settlement Agreement, which is hereby adopted and attached to this Order as Order Exhibit 1, are just and reasonable and that such allow Southland to continue to provide its customers with adequate water service. Based on the record before us, we find that the Company has undertaken improvements that benefit its customers. Further, we find that the Company is currently operating under rates that do not allow it to earn a fair return on its investment. The Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable. Further, the agreed upon rates allow the Company to earn a reasonable return on its investment. The parties therefore agreed and stipulated to certain rates and charges and terms and conditions which we hereby approve and set forth in the attached Order Exhibit 2. We agree, and hereby find, that the rates and charges and terms and conditions contained in the Settlement Agreement are just and reasonable.

After review and consideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case, the testimony of the witnesses, and the representations of counsel, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and fees for water agreed to by the Parties. Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 11.19%. See S.C. Code Ann. § 58-5-240(H).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, including attachments and attached hereto as Order Exhibit 1, is incorporated into and made a part of this Order by reference.
2. The proposed rates contained in the Settlement Agreement, have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions attached hereto as Order Exhibit 2 is both just and reasonable and will allow the Company to continue to provide its customers with adequate water services.
3. The schedule of rates and charges attached hereto as Order Exhibit 2 is approved for service rendered on or after January 1, 2008.
4. A 9.34% rate of return on equity, a 7.68% return on rate base, and an operating margin of 11.19% are approved for Southland.
5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

G. O'Neal Hamilton, Chairman

ATTEST:

C. Robert Moseley, Vice-Chairman

SOUTHLAND UTILITIES, INC.

SCHEDULE OF RATES AND CHARGES

WATER

1. Monthly Charges

Residential

Monthly charge per single-family house, condominium, mobile home or apartment unit:

\$15.85 per unit

Commodity Charge:

\$5.87 per 1,000
Gallons or 134 cft

Commercial

Monthly Charge

\$15.85 per SFE*

Commodity Charge:

\$5.87 per 1,000
Gallons or 134 cft

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-Recurring Charges

A) Water service connection charge per single-family equivalent* \$100.00

B) Plant Impact fee per single-family equivalent* \$400.00

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge – for new customers only. \$25.00
- b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5 (1976, as amended). The amount of the reconnection fee shall be in accordance with R. 103-732.5 and shall be changed to conform with said rule from time to time. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4. Billing Cycle

Recurring charges will be billed bimonthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2006), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61—58.7.F.8 (Supp. 2006), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a

licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill without markup.

7. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

8. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2006), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2007-244-W

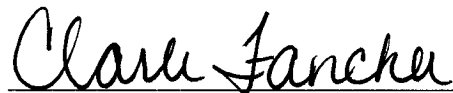
IN RE:

Application of Southland Utilities, Inc.
for adjustment of rates and charges
for the provision of water service.

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of the **Order Approving Settlement Agreement and Rates and Charges Contained Therein** by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Jeffrey M. Nelson, Esquire
South Carolina Office of Regulatory Staff
1441 Main Street, 3rd Floor
Columbia, South Carolina 29201



Clark Fancher

Columbia, South Carolina
This 15th day of November, 2007.

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SC PUBLIC SERVICE
COMMISSION